

1 CONFIDENTIAL - ATTORNEYS' EYES ONLY

2 UNITED STATES DISTRICT COURT  
3 DISTRICT OF MINNESOTA

4 -----X

5 FAIR ISAAC CORPORATION,

6 Plaintiff,

7 v.

Court File No.

16-cv-1054 (WMW/DTS)

8 FEDERAL INSURANCE COMPANY  
9 and ACE AMERICAN INSURANCE  
10 COMPANY,

11 Defendants.

12 -----X

13 \*\*\*CONFIDENTIAL - ATTORNEYS' EYES ONLY\*\*\*

14 VIDEOTAPED DEPOSITION OF RUSSELL SCHREIBER

15 New York, New York

16 Wednesday, October 24, 2018

17 8:52 a.m.

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Reported by:

23 LYNN VAN DEN HENDE

CRR, RMR, RPR, CSR-NY, CSR-CA, CSR-IL

24 JOB NO: 39215

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2 Q. And new business, are there  
3 buckets in particular when you're talking  
4 about the insurance market that you're  
5 looking at for new business?  
6 A. How do you mean "buckets"?  
7 Q. Well, FICO sells software?  
8 A. Right.  
9 Q. That's a source of revenue  
10 generation for FICO, right? That might be  
11 one area of revenue generation that would  
12 apply to the insurance market?  
13 A. Right.  
14 Q. Is that fair?  
15 A. So there's software and services,  
16 yes.  
17 And the software is multiple  
18 lines. And the services have multiple lines,  
19 yes.  
20 Q. And "services," you mean  
21 professional services?  
22 A. Right.  
23 Q. And that would be -- describe for  
24 me generally what that means in the context  
25 of FICO?

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2 A. That would mean -- we had a  
3 consulting staff. I assume we still have a  
4 consulting staff.  
5 But there were people that were  
6 paid on the hour to work at or for clients  
7 directly.  
8 Kind of like lawyering, you get a  
9 billing rate and --  
10 Q. And the skill that these folks  
11 offered was technical skill with the  
12 software?  
13 A. When you say "technical," that  
14 means a lot of different things.  
15 But so they had skill -- some had  
16 technical skills in software. Some had  
17 technical skills in gathering user  
18 requirements.  
19 Some had technical skills in an  
20 industry, insurance in my case, or it could  
21 have been banking or contract in another  
22 case.  
23 So -- so they did have technical  
24 skills that would warrant a customer paying  
25 multihundreds of, you know, dollars an hour

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2 for that service.  
3 Q. So sticking with the insurance  
4 market, there's software licensing  
5 revenues --  
6 A. That's right.  
7 Q. -- and then professional services?  
8 Those are the two main forms of  
9 revenue generation in the insurance market  
10 for FICO, is that fair?  
11 A. Those are two of them. Are they  
12 the two main?  
13 There is also maintenance.  
14 And then there is also scores,  
15 like, you know, the FICO credit score, your  
16 personal credit score. We have FICO  
17 insurance scores as well.  
18 Q. Okay, okay. And would that be in  
19 the software sales bucket, or no?  
20 A. No. That would be in the revenue  
21 bucket. But that was a different kind of --  
22 it was analytic sales.  
23 Q. Okay. So when you started, you  
24 were in charge of the northeast insurance  
25 market.

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2 And you've described that to mean  
3 essentially you were responsible for the  
4 revenues that FICO realized from the  
5 northeast insurance market.  
6 In terms of your actual job  
7 duties, what did that look like generally?  
8 A. So it was planning, how do we  
9 achieve revenue goals; work -- work back and  
10 forth with the leadership at that time to set  
11 a goal and then see how we could fit into it  
12 based on the tools that we had.  
13 It would be working with various  
14 sales teams. Like I know we're here to talk  
15 about Blaze. So the Blaze had a sales team.  
16 There were other products and  
17 other sales teams.  
18 So I'd work with all those teams  
19 to see what we're going to bring to a  
20 customer or to a territory.  
21 We'd set up road shows. We'd have  
22 marketing events where a hotel room would  
23 have 80 people invited and tell our story.  
24 Q. Were you also in a role of client  
25 partner at times?

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2 A. Yes, yes.  
3 Q. Okay.  
4 A. In fact, I think that was our  
5 title. I think -- so like any other  
6 organization, they've gone through changes --  
7 well, why don't you just ask the question?  
8 Q. No, I think you're anticipating  
9 what my question is.  
10 MR. HINDERAKER: So answer the --  
11 THE WITNESS: No, I'll keep going.  
12 I just --  
13 MR. HINDERAKER: No, no, I'm just  
14 trying to say let counsel ask a  
15 question, and then you can answer what  
16 she asks you.  
17 THE WITNESS: Okay.  
18 BY MS. JANUS:  
19 Q. It's so much easier.  
20 Yeah, so you were saying the  
21 client partner role.  
22 And it sounded like maybe -- in my  
23 mind I've heard in the context of this case  
24 reference to client partners.  
25 A. Uh-huh.

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2 Q. And I'm trying to figure out where  
3 what you're describing fits in with the  
4 client partner role at FICO.  
5 A. Right. So -- so probably my  
6 business card at the time might have said,  
7 "vice president, client partner."  
8 So client partner was a -- at that  
9 time was a -- a organizational construct to  
10 bring industry experts or industry folks into  
11 the FICO fold and be focused on client  
12 relationships and making sure we're able to  
13 bridge the FICO technologies with industries.  
14 And so the people that did that --  
15 I was one of them -- were called client  
16 partners.  
17 Q. As part of your job were you  
18 familiar generally with the way the clients  
19 you were responsible for used Blaze?  
20 A. Yes.  
21 Q. That was one of your job  
22 responsibilities?  
23 A. Yes.  
24 Q. Why was that?  
25 A. Well, for -- there are multiple

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2 dimensions to it.  
3 But one was to help sell the next  
4 one. So I could say, aha, well, you know,  
5 insurance company, you know, X uses it for  
6 something. And that's a -- that's a great  
7 kind of, you know, horizontal application  
8 that other insurers could be thinking about  
9 doing.  
10 And not -- obviously not a  
11 confidential handling -- you know, insure  
12 confidential -- I would insure confidential  
13 information by understanding how one  
14 insurance company uses it.  
15 At that point I can then help  
16 others understand the art of the possible  
17 with the technology.  
18 So that was one reason why we had  
19 to know what they were doing.  
20 Another reason was to be able to  
21 bring the rest of FICO to bear and to help.  
22 Q. With that particular client?  
23 A. Yeah. So I'd bring a professional  
24 services person in to help integrate, say,  
25 Blaze and Duck Creek. You know, pick a

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2 product, whatever.  
3 Q. And the client partner would need  
4 to understand how a given client was using  
5 Blaze in order to facilitate FICO's continued  
6 support of the use of Blaze?  
7 A. Within -- within bounds.  
8 So it's interesting how there were  
9 some clients that were open to Camono we  
10 worked very closely with.  
11 And there were other clients --  
12 some were in the city here -- that I would  
13 knock on the door and say, hey, I just took  
14 over this part of the business and I'd like  
15 to meet you, see what you're doing. They'd  
16 say, no, thank you. We don't want -- we  
17 don't want a relationship. We just bought  
18 your software.  
19 So there were some customers that  
20 kept a very -- their use very close to the  
21 vest and they wouldn't really tell us, and  
22 they would just pay their bills.  
23 And there were others that we were  
24 very close with.  
25 That's pretty much how the world

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2 works, right?  
3 Q. As part of your responsibilities  
4 as client partner would you also generally be  
5 familiar with the licenses that governed the  
6 relationships with the clients that you  
7 worked with?  
8 A. So generally, yes.  
9 But there were licenses that folks  
10 had that I didn't even know, I wasn't even  
11 aware of.  
12 Q. But generally the scope of the  
13 license with a given client was something  
14 that you were familiar with?  
15 A. Or I had to figure it out.  
16 But, yes, yeah, sure.  
17 Q. And that would be important for  
18 what you are doing as a client partner, I  
19 take it, because you need to know whether  
20 there are additional products or services  
21 that could be sold to a given client,  
22 correct?  
23 A. At one end or -- or if that  
24 product was being sunset and they needed to  
25 know that it was being, you know, shelved in

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2 two years, that we can up and manage their --  
3 their way through that process.  
4 Q. Yeah. And you would also need to  
5 know how widely that client is able to use  
6 the software that they've licensed under the  
7 terms of their license, correct?  
8 A. Say that again, please.  
9 Q. You'd also need to know how widely  
10 that client is able to use the software that  
11 they've licensed under the term of their  
12 license?  
13 A. Right. So if you mean -- do you  
14 mean like what the scope of the license is?  
15 Q. Yeah.  
16 A. Because "widely" is -- I'm not  
17 sure -- yeah, so if you said -- I would  
18 certainly want to read the scope of the  
19 license, yeah, yeah. I guess.  
20 Q. When did you first begin to work  
21 with Chubb?  
22 A. Chubb was my first client. Chubb  
23 was my -- my entrée into FICO. That's -- you  
24 know, put me on the map.  
25 So that would have been February,

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2 maybe March of '16.  
3 So within a month or two we  
4 received an RFI, and I led the response.  
5 MR. HINDERAKER: Can I -- I think  
6 you said '16? February --  
7 A. Oh, I meant '6. Did I say '16?  
8 I meant 2006. Thank you.  
9 Q. So you said you received an RFI in  
10 the spring of 2006?  
11 A. Right. I want to say February or  
12 March. So early -- late winter, early  
13 spring, yeah. It was right away.  
14 Q. And what is an RFI?  
15 A. It could have been an RFP, but it  
16 was request for information would be an RFI.  
17 It might have been an RFP, a  
18 request for proposal.  
19 But it was a document that we  
20 received to be able to present to Chubb a  
21 solution and pricing and an approach to the  
22 problem.  
23 Q. And do you recall -- it was a  
24 while ago, but do you recall off the top of  
25 your head just generally what the nature of

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2 the request for information or proposal was  
3 from Chubb?  
4 A. Oh, yeah, yeah. Yeah. It's  
5 funny -- no, it's funny how things you  
6 remember.  
7 Anyway so -- so this was to create  
8 an automated renewals platform for their  
9 specialty lines of business.  
10 They had like a -- I forget, like  
11 170 or maybe 120 different products in  
12 that -- in that business.  
13 And so that would be like small  
14 manufacturers maybe or nurses or, you know,  
15 plumbers.  
16 But what they called specialty  
17 lines.  
18 And so the way they sold those  
19 products is they have the underwriting  
20 process where they'd have an underwriter like  
21 price out how risky is this thing and then  
22 set out an insurance price premium.  
23 And what was happening is they had  
24 a corporate initiative. Their agenda was to  
25 be able to sell to a larger market, which

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2 meant smaller value, smaller dollar value.  
3 So like -- I forget the numbers,  
4 but I want to say the average policy price  
5 was maybe -- let's call it \$100,000 for this  
6 discussion.  
7 They wanted to be able to move  
8 down to a bigger market, more prospective  
9 customers.  
10 Say the average policy is \$20,000.  
11 So, you know, moving to like the Fortune 100s  
12 to the Fortune 10,000, that kind of concept.  
13 The way their business worked at  
14 that time was they would write the new  
15 policy, they'd get a new prospect, and they'd  
16 assess the risk.  
17 And then they would -- if they won  
18 the work, they'd book the policy, and they'd  
19 have a new customer.  
20 The problem was that on renewals  
21 they would do a full review of the -- each  
22 policy, so that it was effectively  
23 underwriting the whole customer from scratch,  
24 which is very expensive.  
25 So the premise of this RFI or RFP

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2 or request for a pitch was -- or solution was  
3 how can they automate the underwriting -- the  
4 renewal process so that they could move into  
5 a business model where they were -- had less  
6 manual intervention with the renewal process.  
7 So they're going to be some  
8 insurance customers that would just, you  
9 know, not even touch this, just automatically  
10 renew it.  
11 There were others I think that  
12 were high risk. They need to really do full  
13 underwriting. There were some that were in  
14 the middle.  
15 So they called that the low touch,  
16 no touch, high touch is -- you know, and it's  
17 become pretty big in the industry now.  
18 Q. And the idea was this renewal  
19 process would become a low touch?  
20 A. So they would be able to segment  
21 the customers across these 170 or 200 plus  
22 products. And, again, don't quote me on the  
23 product count, but there was hundreds of  
24 them. They could segment the customers at  
25 the renewal process into high touch, low

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2 touch, no touch.  
3 So if they had -- the high touch  
4 once were the most expensive ones to renew,  
5 because you had to go send people out, look  
6 at the buildings, you know -- you know, check  
7 the headcount, make sure the staff is right.  
8 So it's how do you price that  
9 premium.  
10 Whereas the no touch, it's like  
11 our auto insurance. You just get a new bill  
12 for the next year, right?  
13 So they were trying to get more  
14 into the low to no touch.  
15 Q. And for folks who aren't familiar  
16 with either the insurance industry or Blaze,  
17 can you describe in general terms how a  
18 product like Blaze would be used in a  
19 solution like this?  
20 A. Sure.  
21 So insurance policies are annual  
22 policies. So about three months before the  
23 end of a year the policy information and the  
24 claim information would be -- would be  
25 transferred, be fed into a Blaze engine.

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2 And the Blaze software would look  
3 at that information. And rules would be --  
4 rules in Blaze would be applied to it.  
5 So the rule -- a rule might be,  
6 oh, there were no claims this year. So that  
7 means we could do a low or no touch.  
8 Or they had claims this year, so  
9 now it must be a high touch.  
10 And the magic here was that  
11 Blaze -- the rules that we're talking about  
12 were set up in such a way that human beings  
13 could -- could maintain them.  
14 So it didn't require like some,  
15 you know, MIT Ph.D.  
16 A regular business analyst could  
17 maintain those business rules.  
18 So -- right, so once a year a feed  
19 would come in, rules would be compared.  
20 And then the policies would be  
21 segmented into high touch, low touch, no  
22 touch.  
23 Q. And I take it that in a process  
24 like that while Blaze is involved Blaze is  
25 actually incorporated somehow into an

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